

**EDUCATIONAL PROGRAM
INNOVATIONS CHARITY SOCIETY**
Financial Statements
June 30, 2021

Independent Auditor's Report

To the Directors of Educational Program Innovations Charity Society:

Qualified Opinion

We have audited the financial statements of Educational Program Innovations Charity Society (the "Society"), which comprise the statement of financial position as at June 30, 2021, and the statements of operations and change in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives part of its revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly our verification of these revenues was limited to the amount recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to assets, revenues and excess of revenues over expenses.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sydney, Nova Scotia
October 18, 2021

MNP LLP
Chartered Professional Accountants

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Statement of Financial Position

June 30, 2021, with comparative figures for 2020

	2021	2020
ASSETS		
Current assets		
Cash	\$ 40,569	\$ 34,002
Short-term investments (note 2)	88,319	65,228
Funding receivable	-	8,750
Harmonized sales taxes recoverable	1,394	3,517
Prepaid expenses	852	852
	<u>\$ 131,134</u>	<u>\$ 112,349</u>

LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities	\$ 5,391	\$ 10,134
Deferred revenue	16,750	17,725
	<u>22,141</u>	<u>27,859</u>

NET ASSETS

Unrestricted	108,993	84,490
	<u>\$ 131,134</u>	<u>\$ 112,349</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Statement of Operations and Change in Net Assets

Year ended June 30, 2021, with comparative figures for 2020

	2021	2020
REVENUES		
Province of Nova Scotia	\$ 61,475	\$ 61,475
Law Foundation of Nova Scotia	47,500	45,710
United Way of Cape Breton	38,507	35,000
Donations	30,059	14,607
Other contributions	20,550	23,000
Fundraising	-	1,057
Investment income (loss)	(26,657)	3,748
	<u>171,434</u>	<u>184,597</u>
EXPENSES		
Wages and benefits	160,044	124,951
Transportation	5,654	4,774
Program development	4,554	4,228
Professional fees	4,455	4,100
Nutrition	4,184	4,437
Materials	3,114	657
Scholarships	3,000	3,000
Insurance	1,768	1,850
Unrecoverable HST	1,222	1,069
Telephone	852	743
Office	843	2,448
Facility rent	750	-
Bank charges	259	197
Workshop and training	173	3,395
Dues and fees	144	31
Small equipment	60	215
Donations	-	1,000
Directors' travel	-	900
	<u>191,076</u>	<u>157,995</u>
Excess (deficiency) of revenues over expenses before the undernoted	(19,642)	26,602
Unrealized gain (loss) on change in fair market value of investments	44,145	(13,318)
EXCESS OF REVENUES OVER EXPENSES	<u>24,503</u>	<u>13,284</u>
NET ASSETS, BEGINNING OF YEAR	84,490	71,206
NET ASSETS, END OF YEAR	<u>\$ 108,993</u>	<u>\$ 84,490</u>

See accompanying notes to financial statements.

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Statement of Cash Flows

Year ended June 30, 2021, with comparative figures for 2020

	2021	2020
CASH FLOWS FROM OPERATIONS		
Excess of revenues over expenses	\$ 24,503	\$ 13,284
Item not involving cash		
Unrealized loss (gain) from change in fair market value of investments	(44,145)	13,318
Change in non-cash operating working capital		
Decrease (increase) in funding receivable	8,750	(8,750)
Decrease (increase) in harmonized sales taxes recoverable	2,123	(1,070)
Increase (decrease) in accounts payable and accrued liabilities	(4,743)	4,828
Decrease in deferred revenue	(975)	(17,525)
	(14,487)	4,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in short-term investments, at cost	21,054	(11,560)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,567	(7,475)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	34,002	41,477
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 40,569	\$ 34,002

See accompanying notes to financial statements.

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Notes to Financial Statements

Year ended June 30, 2021

Educational Program Innovations Charity Society (the "Society") is incorporated under the Nova Scotia Companies Act as a Company limited. The principal activity is to provide and promote educational advancement opportunities for the disadvantaged through new educational initiatives and the enhancements of currently successful educational programs. The Society is a registered charity and is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash in bank accounts.

(c) Investments

Investments are carried at fair market value. Changes in fair market value are recorded on the statement of operations and changes in net assets.

(d) Capital assets

Capital assets over \$2,000 are capitalized in the period of acquisition and amounts under \$2,000 are expensed in the period of acquisition.

(e) Revenue recognition

The Society follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the period in which the related expenses are recognized.

Investment income is recognized as revenue when earned.

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost, except short-term investments and marketable securities. These are subsequently measured at fair market value with any changes recorded on the statement of operations and change in net assets.

Financial assets measured at amortized cost includes cash and funding receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Unless otherwise noted, the Society is not exposed to significant credit, market or liquidity risk arising from these instruments.

(g) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such management estimates and assumptions includes the valuation of funding receivable. Actual results could differ from those estimates.

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2021

2. SHORT-TERM INVESTMENTS

	2021		2020	
	Cost	Fair market value	Cost	Fair market value
Equity securities	\$ 133,680	\$ 83,321	\$ 159,532	\$ 65,028
Cash	4,998	4,998	200	200
	<u>\$ 138,678</u>	<u>\$ 88,319</u>	<u>\$ 159,732</u>	<u>\$ 65,228</u>

3. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and includes the following significant risk at June 30, 2021:

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Future cash flows of its marketable securities and investments are dependent on market interest rates. The value of the security itself could also fluctuate, resulting in gains or losses recognized in the statement of operations and change in net assets.

4. RELATED PARTY TRANSACTIONS

During the year, \$15,603 (2020 - \$7,812) in donations were made by board members to the Society.

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2021

5. IMPACT OF COVID-19 ON OPERATIONS

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Society's operations were impacted by COVID-19 as the Society was required to increase certain staff to order to maintain operations virtually.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of effect on the Society is unknown, programs and other offerings could continue to be affected in the coming year.